

Health Care Committee Medicare Part D Plan Presentation

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NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Presentation Request

- I. NDPERS Board's responsibility under the Uniform Group Insurance chapter
- II. NDPERS history with Medicare Part D
- III. The recent Medicare Part D request for proposals and subsequent award
 - a) The RFP process itself
 - b) Proposals
 - c) Proposal evaluation and award
 - d) Transition steps



Uniform Group Insurance Responsibility

- NDCC section 54-52.1-04 provides the requirements the Board must follow in contracting for insurance plans under the Uniform Group Insurance Program
- NDCC section 54-52.1-04(1) provides the following guidance: “The board . . . shall accept one or more bids of and contract with the carriers the board determines best serve the interests of the state and the state’s eligible employees.”
 - “Best interests” standard results in a fiduciary responsibility to our over 9,200 retiree participants in awarding a contract to a carrier
 - Note that the retirees pay the full premium for this coverage; the State does not pay for or subsidize any of that premium. Many of our participants have been retired for years, and are living on the same benefit amount they received when first retired. None of them have received a benefit increase since 2001.



NDPERS Part D History

- Initially implemented the Medicare Part D plan January 1, 2006
 - Prior to that Rx was within the Dakota Retiree Plan
- January 1, 2006, to December 31, 2015, Part D was through BCBS Medicare BlueRx
 - Indirect relationship – NDPERS contracted with BCBSND, which contracted with BlueRx
- With the transition to Sanford Health Plan beginning July 1, 2015, NDPERS contracted directly with Medco Containment Life Insurance Company (Medco) for coverage for the Part D plan year beginning January 1, 2016
 - Medco contracted with Express Scripts, Inc. (ESI) to provide PBM services
- NDPERS renewed with Medco five times, through December 31, 2021
 - Part D plan renews every year, rather than every other year like the Health plan, because of yearly changes to subsidy rates by the Centers for Medicaid and Medicare Services (CMS)
- Issued a Request for Proposals for the 2022 plan year in April of 2021



Part D RFP Process

- At its April 13, 2021, Board meeting, the NDPERS Board approved the proposed RFP with the following timeline:

Activity	Date/Time
RFP Published	Monday, April 19, 2021
Questions Due	Wednesday, April 28, 2021
Question Answers Posted	Wednesday, May 12, 2021
Proposals Due	Friday, May 21, 2021
NDPERS Staff Interviews	Week of July 19
NDPERS Board Presentations	Week of July 26
Selection of Vendor	August 2021
Contract Effective Date	January 1, 2022



Proposals Received

- We received seven proposals from six vendors:
 1. Humana Insurance Company (Humana) – fully-insured
 2. Express Scripts (incumbent) – both fully-insured and self-insured proposals
 3. OptumRx (incumbent PBM partner for Sanford Health Plan) – self-insured
 4. Amwins Group Benefits LLC (Amwins Rx / Amwins) – self-insured
 5. Elixir Insurance (Elixir) – self-insured
 6. WellDyne – self-insured
- These bidders were identified in a public memo provided to the Board in its June 8, 2021, Board packet, which is available on our website. Every month we also send notice of the meeting and the link to the Board materials to the 600 interested parties that have signed up to receive those materials every month, including legislators and ND Pharmacist Association staff.



Proposal Evaluation and Award

NDCC section 54-52.1-04(1):

In determining which bid, if any, will best serve the interests of eligible employees and the state, the board shall give adequate consideration to the following factors:

- a. The economy to be effected.
- b. The ease of administration.
- c. The adequacy of the coverages.
- d. The financial position of the carrier, with special emphasis on the solvency of the carrier.
- e. The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.



Proposal Evaluation and Award

The underlying criteria for each of these topics (evaluated if relevant):

A The economy to be effected.		
a1.	Overall Pricing – this includes all costs of the insurance product, including administrative fees, reinsurance or stop-loss insurance, and any federal fees. The additional personnel/office costs of administering a self-insured plan would fall within this sub-criterial. Premium costs, including any additional amount that would be necessary to add to a self-insurance premium to establish adequate reserves, are also included.	
a2.	Multi-year guaranteed premium/fees.	
a3.	The value proposition of different insurance arrangements including self-insurance to determine if it is in the best interest of the State and the State's eligible employees.	
a4.	The effect on North Dakota – would choosing one of the bids add to or detract from North Dakota's economy and job base?	
B The ease of administration.		
b1.	Infrastructure – does the provider have the necessary office space, technology and claims payment system, and personnel system to most beneficially serve our needs?	
b2.	Staffing – does the provider have adequate personnel to most beneficially serve our needs? How does the bid affect ongoing staffing within NDPERS?	
b3.	Transition – what would a transition from one carrier to another require of NDPERS? PERS call center, Member communication materials, PERS staff time, informational meeting with both members and employers	
b4.	Goals and objectives – does the bidder have the same objectives as NDPERS and the State of North Dakota?	

C The adequacy of the coverages.		
c1.	Plan benefits comparison – do the proposed benefits match our current menu of benefits?	
c2.	Proposal deviations from our standard contract	
c3.	Disruption analysis – would a transition overly disrupt our members by affecting their choice of physician or pharmacist?	
D The financial position of the carrier, with special emphasis on the solvency of the carrier.		
d1.	Ratings agency ratings	
d2.	Financial stability	
E The reputation of the carrier and any other information available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.		
e1.	References	
e2.	Information from the Insurance Department	
e3.	Member satisfaction information	
e4.	Performance standards proposed	



Proposal Evaluation and Award

- Disruption Analysis:
 - Prescription fill disruption: Prescriptions that would have been filled out-of-network ranged from 0.5% to 41.6% (ESI – 0.5%; Humana – 3.2%)
 - Medication disruption: Analysis on the amount our members would pay for their medications showed that over 98% of current prescriptions would be covered by Humana the same as, or more beneficially than, they are currently covered by ESI.
 - Pharmacy disruption: Pharmacies out-of-network in ND and MN ranged from 0.4% to 30.9% (ESI had a 0.4% disruption; Humana had 3.3%)
 - Notably, Humana meets all the access standards required by CMS. As an example, CMS requires that 70% of Medicare beneficiaries who live in rural areas must have access to a network pharmacy within 15 miles; Humana has about 90% access.
 - In fact, the change to Humana will only require 88 of our over 9,200 Part D participants to have to drive more than 20 miles to a physical in-network pharmacy



Proposal Evaluation and Award

- Other considerations:
 - One of the smaller self-insured bidders would have had over 30% pharmacy disruption to our members, and 41.6% prescription fill disruption
 - The two other smaller self-insured bidders used the same insurance company as the contracting party, an insurance company that was not well-rated by the ratings agencies
 - None of the three smaller bidders had a state as a client, and two had a single client each of over 9,000 members
 - Humana's proposed reduction in premium of 25.3% for our over 9,200 retirees that use our Part D plan put that bid price well below the other proposals.



Proposal Evaluation and Award

- The NDPERS Board does not evaluate contract reimbursement rates for vendors
 - In this case, to do so would require the Board to evaluate each pharmacy's drug acquisition costs and their contracts and other agreements with distributors/wholesalers, Pharmacy Services Administrative Organizations (PSAOs), and possibly others. That is not within the Board's authority or responsibilities.
 - The fact that 94% of the North Dakota pharmacies used by our Part D participants have contracted with Humana shows both a broad network and an indication that the pharmacies' economic considerations weighed in favor of those contracts. The Board is not in a position to second-guess those pharmacies' decisions.
- Similarly, the Board does not evaluate contracted reimbursement rates for physicians, hospitals, or clinics when bidding the State's health plan, or reimbursement rates for dentists for the State's dental plan, or reimbursement rates for ophthalmologists for the State's vision plan.
- The Board does evaluate member disruption to ensure adequate coverage for our members, and balances maximizing coverage and minimizing disruption with proposed premium amounts. That is the responsibility that the Century Code places on the Board.



Proposal Evaluation and Award

- The NDPERS Board considered the RFP and the responses during their meetings on June 8, July 13, and August 17, 2021. Notice of this consideration was appropriately provided in the materials included in each of the Board packets. Again, the link to those packets was emailed to almost 600 different stakeholders.
- At no time during the five-month RFP process did we receive any comments or concerns from any stakeholders about any aspect of the RFP process, including any of the vendors that submitted proposals, all of which had been identified in open documents and public meetings.
- Based on the information provided in the proposals, our consultant's and staff's research, the minimal disruption to our members, and the significant decrease in premiums, the Board unanimously agreed that moving to Humana was in our members' best interests.



Transition Efforts

- The transition to Humana is similar to other transitions, but with the addition of increased CMS requirements for notice to members
- NDPERS staff and Humana have had weekly implementation calls
- [Transition to Humana | NDPERS](#)



Transition to Humana

Starting January 1, 2022, the NDPERS Medicare Part D Prescription Drug Plan will be provided through Humana. *Humana will replace Express Scripts as your prescription drug carrier.*

This transition does not impact your medical benefits through Sanford Health Plan. Your NDPERS Medicare Part D Prescription Drug Plan through Humana will continue to be bundled with the NDPERS Dakota Retiree Health Insurance Plan.

Some of the benefits of this transition is a reduction in monthly premium per member.

Questions about Medicare Part D Coverage or Finding an In-Network Pharmacy in your area?

Contact the Humana Group Medicare Customer Care at 1-800-585-7417 (TTY: 711) Monday - Friday, 7 a.m. - 8 p.m. CT.

You can also use this guide to [Find a Pharmacy](#) in your area.

Additional Information

- [NDPERS Transition to Humana Announcement Letter](#)
- [Humana webinar](#)
- [Comparison summary - Humana vs Express Scripts](#)
- [Humana Guidebook](#)
- [Humana Evidence of Coverage](#)
- [Humana Summary of Benefits](#)
- [Humana Prescription Drug Guide](#)
- [Humana Transition Welcome Kit](#)



Questions?

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